The Forest Industry in Nova Scotia 1988 Statistical Review

Department of
Lands and Forests

Introduction

This report documents the provincial forest industry for 1988 and provides a convenient reference to statistical information. The industry holds great importance to the province in terms of its economic contribution. In 1988 13,666 people were directly employed (seasonal high, 3 month moving average), manufacturing shipments were valued at over $840 million, and exports of forest products to international destinations were $573 million.

The forest industry was categorized by commodity and standard industrial classification. The commodity classification included Primary Wood Products, Fabricated Wood Materials, and Pulp & Paper Products. Primary Wood Products included logs and bolts, pulpwood, and firewood. Fabricated Wood Materials included lumber, both softwood, and hardwood. Pulp and Paper Products included wood pulp and newsprint.

The industrial classification included Logging, Wood Industries and Paper & Allied. Logging also included statistics for silvicultural activity where available. Wood Industries included sawmills, planing mills, sashes, doors and other millwork, wooden boxes, and pallets. Paper and Allied Industries included pulp, newsprint, corrugated boxes, and other converted paper products.

For further information or inquiries contact:

Alex P. MacDonald
Department of Lands & Forests
Policy and Program Development Branch
P.O. Box 698
Halifax N.S. B3J 2T9
(902) - 424 - 8623

Note: All sources for data used in this study are indicated on the figures. In most cases the information was from Statistics Canada.

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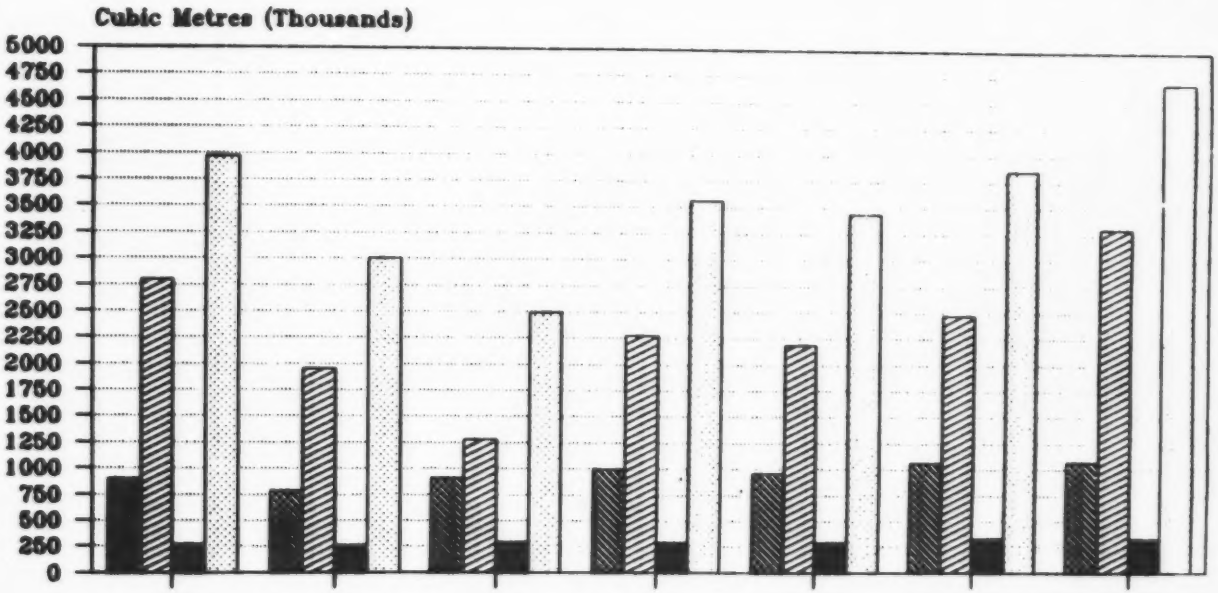
Figure 1 Estimate of Primary Forest Production

Industrial & Nonindustrial Uses

Nova Scotia 1981 to 1987



	1981	1982	1983	1984	1985	1986	1987
Logs-bolts	897	784	912	993	954	1062	1064
Pulpwood	2795	1952	1280	2270	2190	2471	3306
Fuelwood	277	263	296	296	296	326	326
Total	3969	2999	2488	3559	3440	3859	4696

Source: Statistics Canada 25-202 Annual and N.S. Forest Production Survey

Prepared: June 15 1989

COMMODITY PRODUCTION AND SHIPMENTS

Roundwood

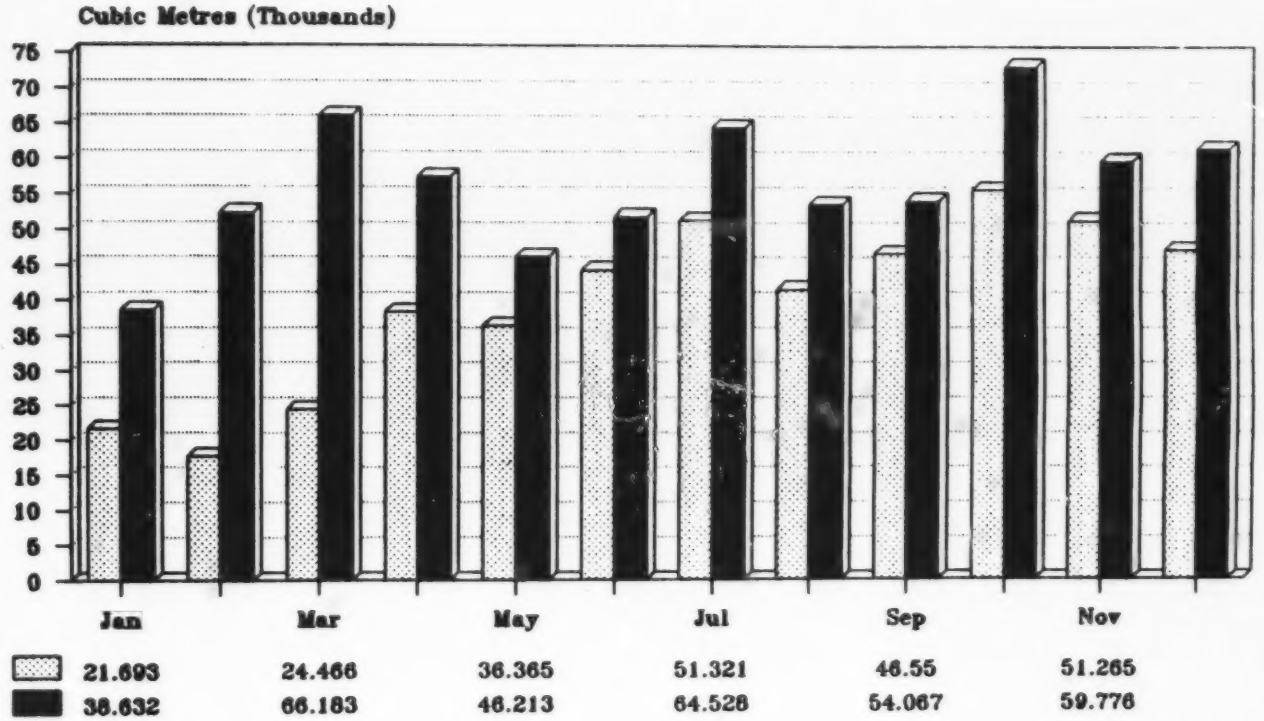
Primary forest production increased from 3.97 million cubic metres in 1981 to 4.7 millions cubic metres in 1987. Production in figure 1 has been variable with every year but 1987 being less than 1981. Comparable estimates for 1988 have not been released as yet. However from the other material which follows it is estimated that production levels increased to 4.9 million cubic metres or by 4.2% in 1988.

Pulpwood

As indicated in Figure 2 monthly receipts of wood residues by Nova Scotia pulp and paper mills were 43 % greater in 1988 than 1987. In 1987 total receipts of wood residues were 476,417 cubic metres compared to 679,532 cubic metres in 1988. In Figure 3 receipts of pulpwood for 1987 and 1988 were also compared. There was little monthly variation although the decline in receipts during January to March 1988 was better than 1987 because a more severe winter in 1987 caused many logging operations to close. In the month of April receipts dropped significantly in both years due to spring weight restrictions. In 1987 total receipts of pulpwood were 3.1 million cubic metres while in 1988 they were 3.24 million cubic metres, an increase of 3.2%. In contrast to receipts, total monthly consumption of wood residues and pulpwood in figure 4 was consistent from 1987 to 1988, therefore, total cumulative fibre consumption was up marginally in 1988 in figure 5 (3.75 million cubic metres vs 3.64 million cubic metres) or 3% .

Figure 2

Receipts of Wood Residues
Nova Scotia Pulp & Paper Mills
Monthly Comparison 1987 to 1988



		Jan	Mar	May	Jul	Sep	Nov
1987		21.693	24.466	36.365	51.321	46.55	51.265
1988		38.632	66.183	46.213	64.528	54.067	59.776

Source: Statistics Canada
Catalogue: 25-001 Monthly

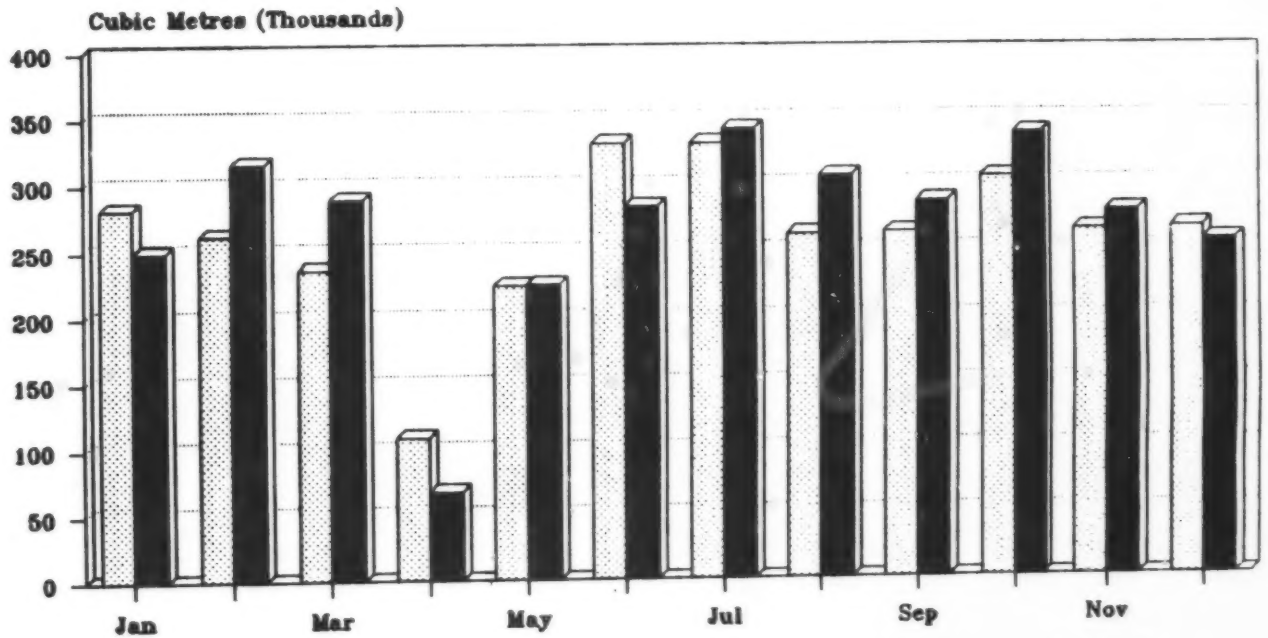
Prepared: June 15 1989

Figure 3

Receipts of Pulpwood

N.S. Pulp & Paper Mills from all sources

Monthly Comparison 1987 to 1988



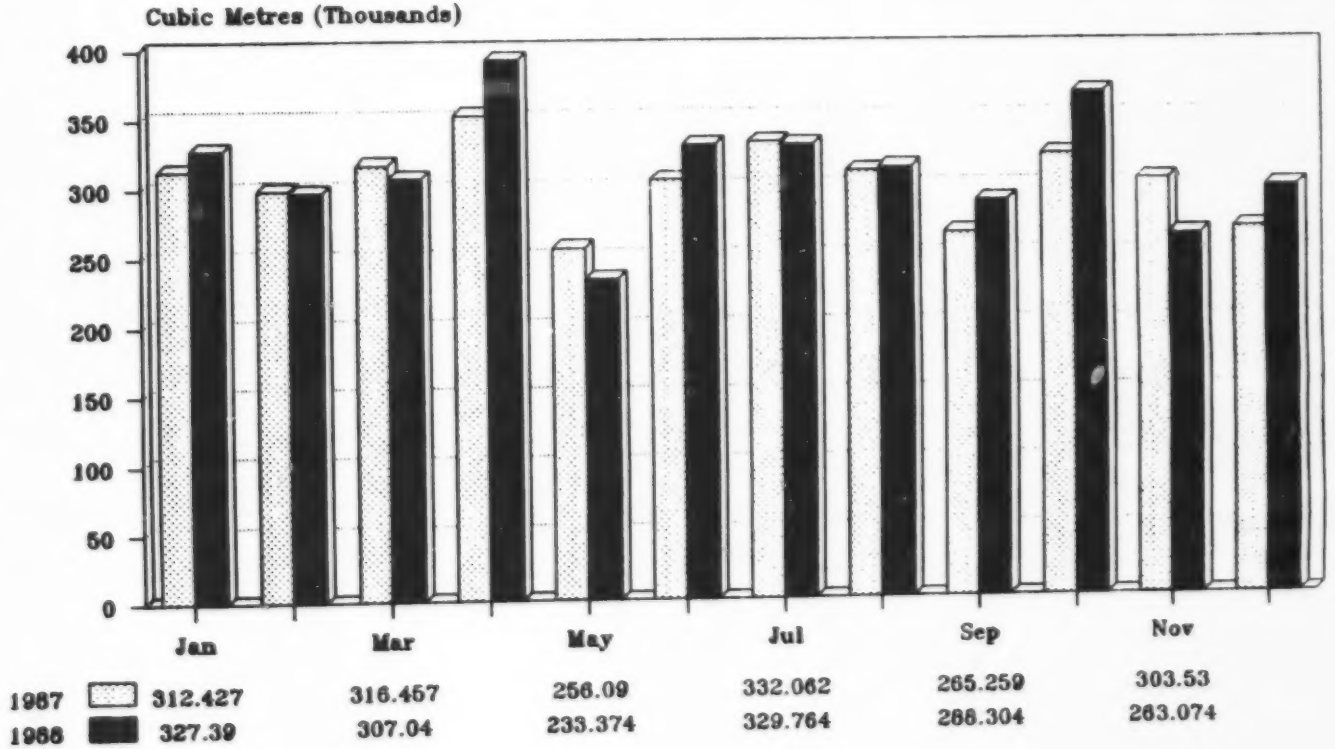
	Jan	Mar	May	Jul	Sep	Nov
1987	281.469	235.841	223.747	330.996	263.064	264.705
1988	249.137	289.031	224.378	341.928	286.52	278.603

Source: Statistics Canada
Catalogue: 25-001 Monthly

Prepared: June 15 1989

Figure 4

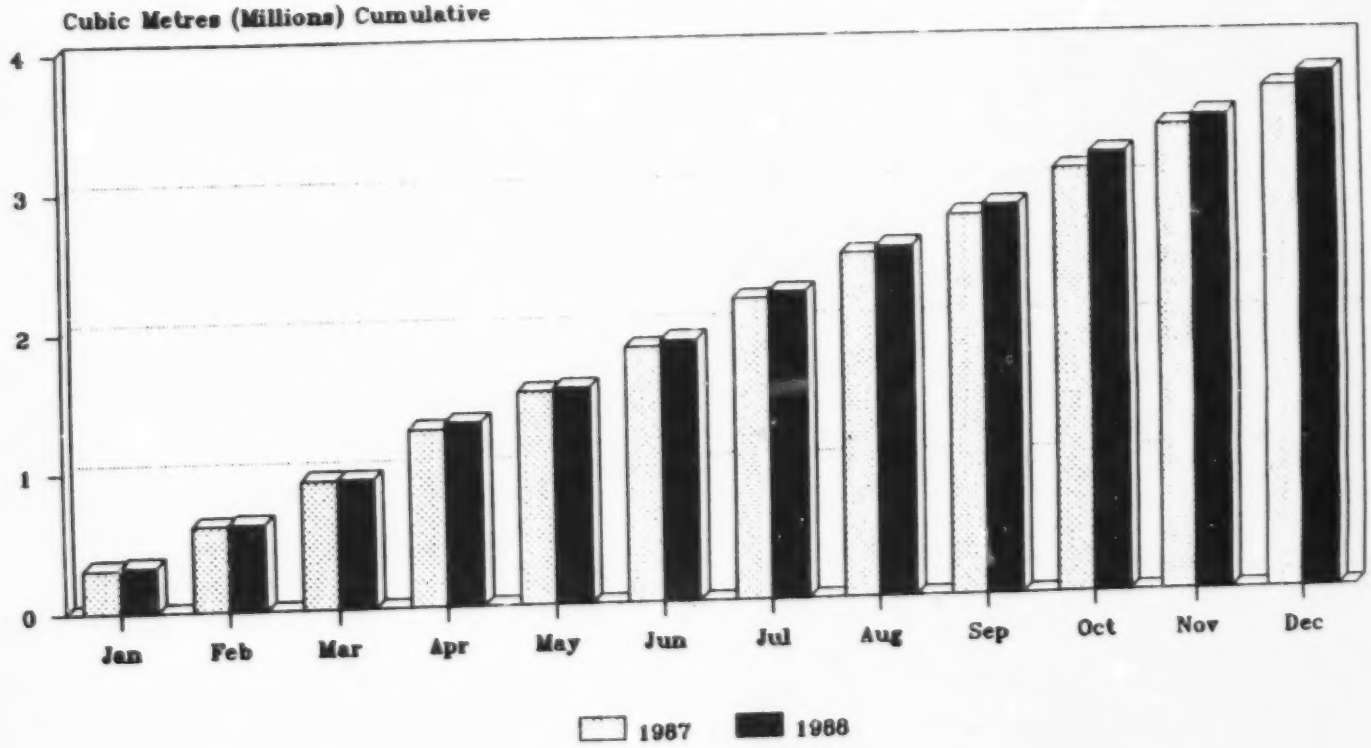
Total Consumption in Nova Scotia
Pulpwood and Wood Residues
Monthly Comparison 1987 to 1988



Source: Statistics Canada
Catalogue: 25-001 Monthly

Prepared: June 15 1989

Figure 5 Total Consumption in Nova Scotia
Pulpwood and Wood Residues
Monthly Comparison 1987 to 1988



Source: Statistics Canada 25-001 Monthly

Prepared: June 15 1989

Lumber

In figure 6 & 7 production and shipments are documented for 1986, 1987, and 1988. Production on a monthly basis in the last three years has been fairly consistent, within a range of 3.5 million f.b.m.(Foot Board Measure) in figure 6. Since 1986, production has peaked in June, July, and August, dropped off gradually until November, fallen to its lowest level in January, and finally stabilized until April.

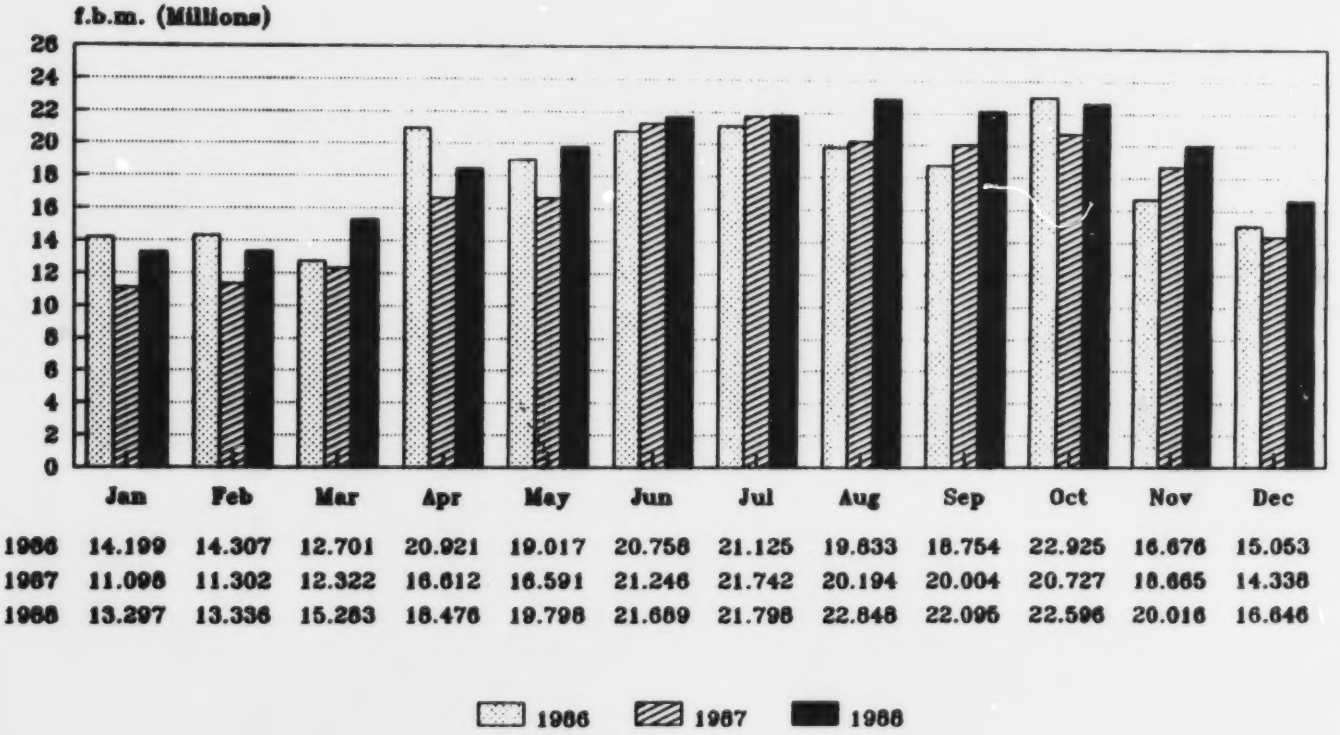
Shipments have tended to peak earlier in May to July, although there has been some year to year variation as to which month shipments peaked. Shipments dropped in the past three years in August, and then increased to levels seen in May, in September and October. They then dropped quickly again in November and from November to March maintained their lowest level. There were some months when shipments have been significantly less than production. For example during 1988, in the month of January, when shipments were 7.3 million f.b.m. production was 13.3 million f.b.m..

Total shipments in 1987 were 195.3 million f.b.m. on production of 204.8 million f.b.m.. In 1988 total shipments were 212.3 million f.b.m. on production of 227.9 million f.b.m.. Therefore in 1988 total production was up 8.7 %, and total shipments were up 11.2 %.

Figure 6 Production of Lumber & Ties

Nova Scotia 1986 to 1988

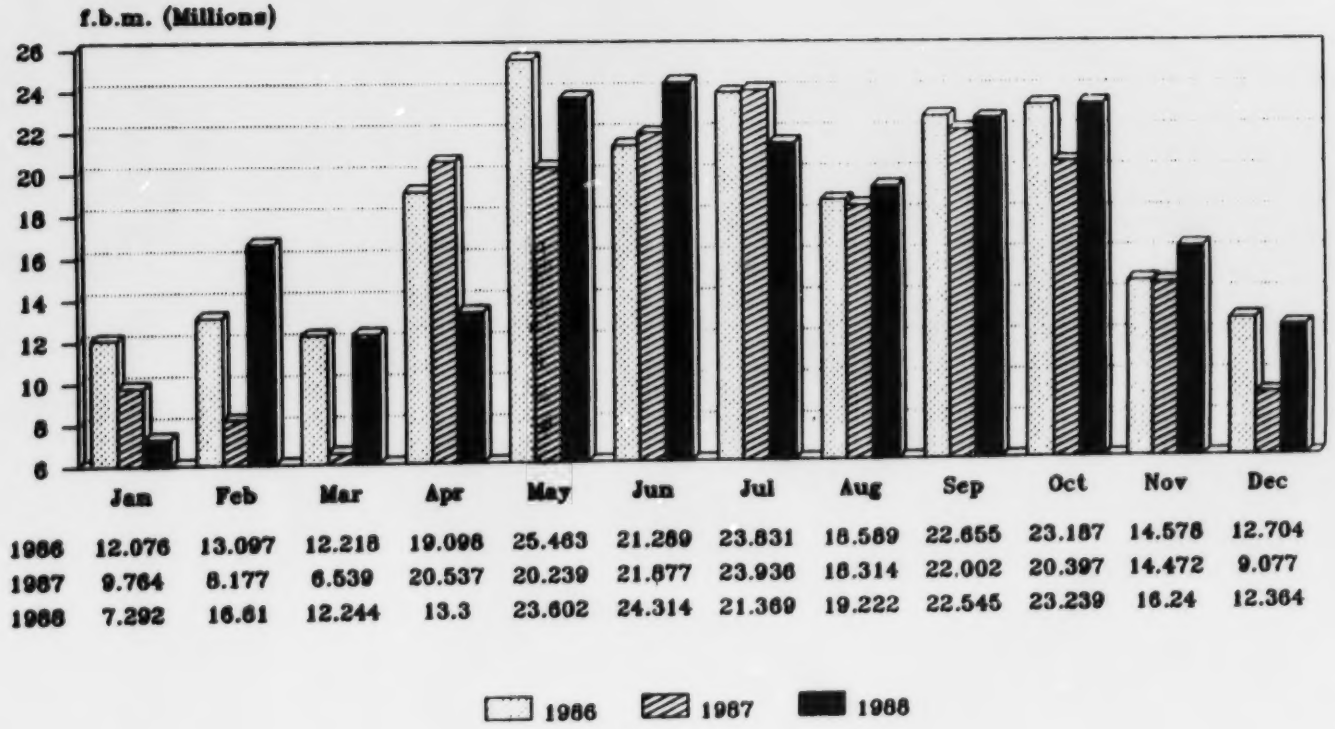
Monthly Comparison



f.b.m. is Foot Board Measure
Source: Statistics Canada 35-002 Monthly

Prepared: June 15 1989

Figure 7 Shipments of Lumber & Ties
Nova Scotia 1986 to 1988
Monthly Comparison

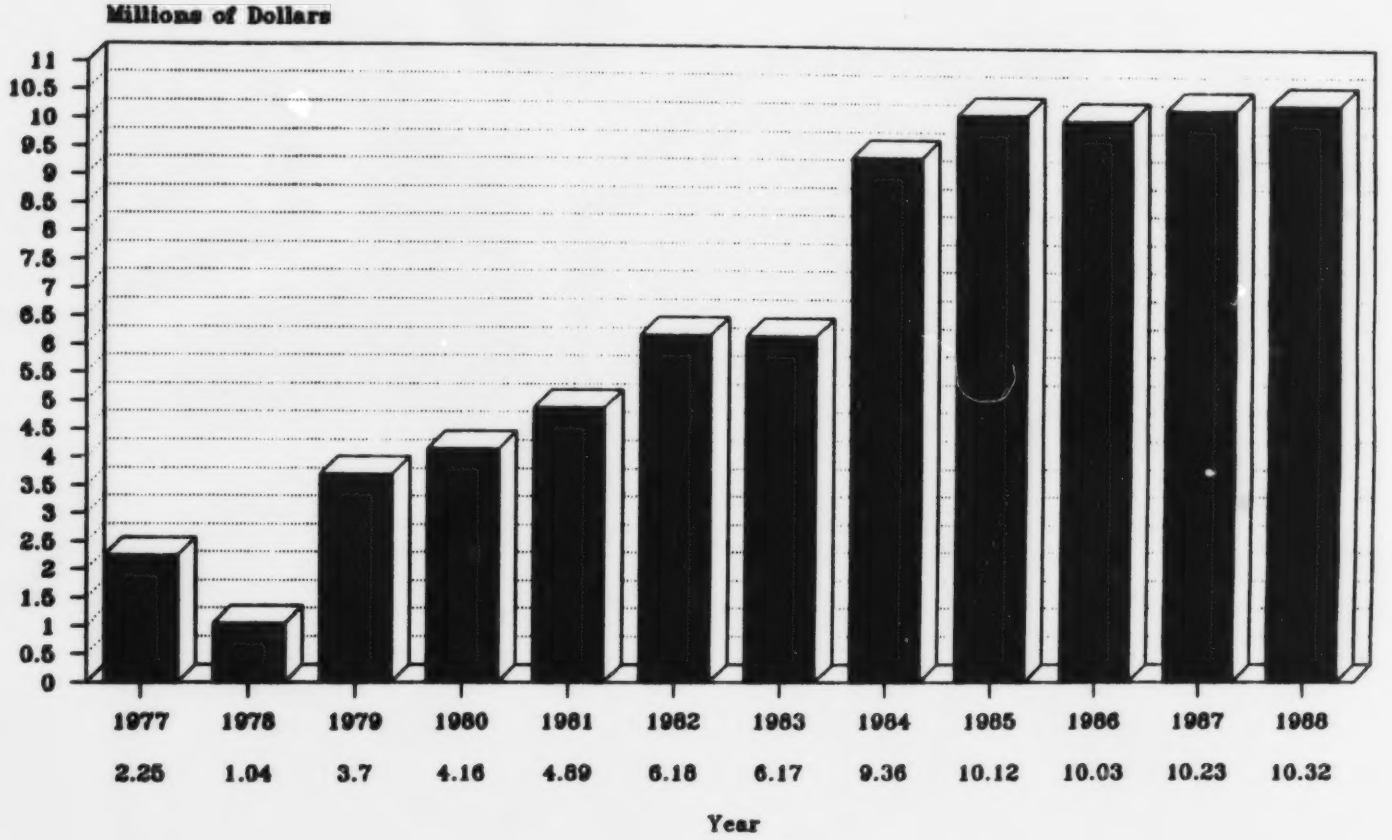


f.b.m. is Foot Board Measure
Source: Statistics Canada 35-002 Monthly

Prepared: June 15 1989

Figure 8

Christmas Tree Exports
Nova Scotia 1977 to 1988



Value in Current Cdn. Dollars
Source: Statistics Canada Bill of Lading

Christmas Trees

Preliminary estimates of Christmas tree exports to international destinations in 1988 placed the value to the grower at $10.3 million, up $200,000 from 1987 in figure 8. Christmas tree exports have increased dramatically in the last ten years. Since 1985, exports have been consistently over $10 million but have not shown any significant growth. It should be noted that these figures do not provide the whole picture of the industries impact. Industry officials have in the past placed the value as high as $30 million. This included additional activity from trucking, retail sales, wreaths, and brush for wreaths and finally expenditures for cultivation. In 1985, the last year data were available, Nova Scotia exported over 1.7 million trees, sold another 80,000 locally, and produced over 190,000 wreaths.

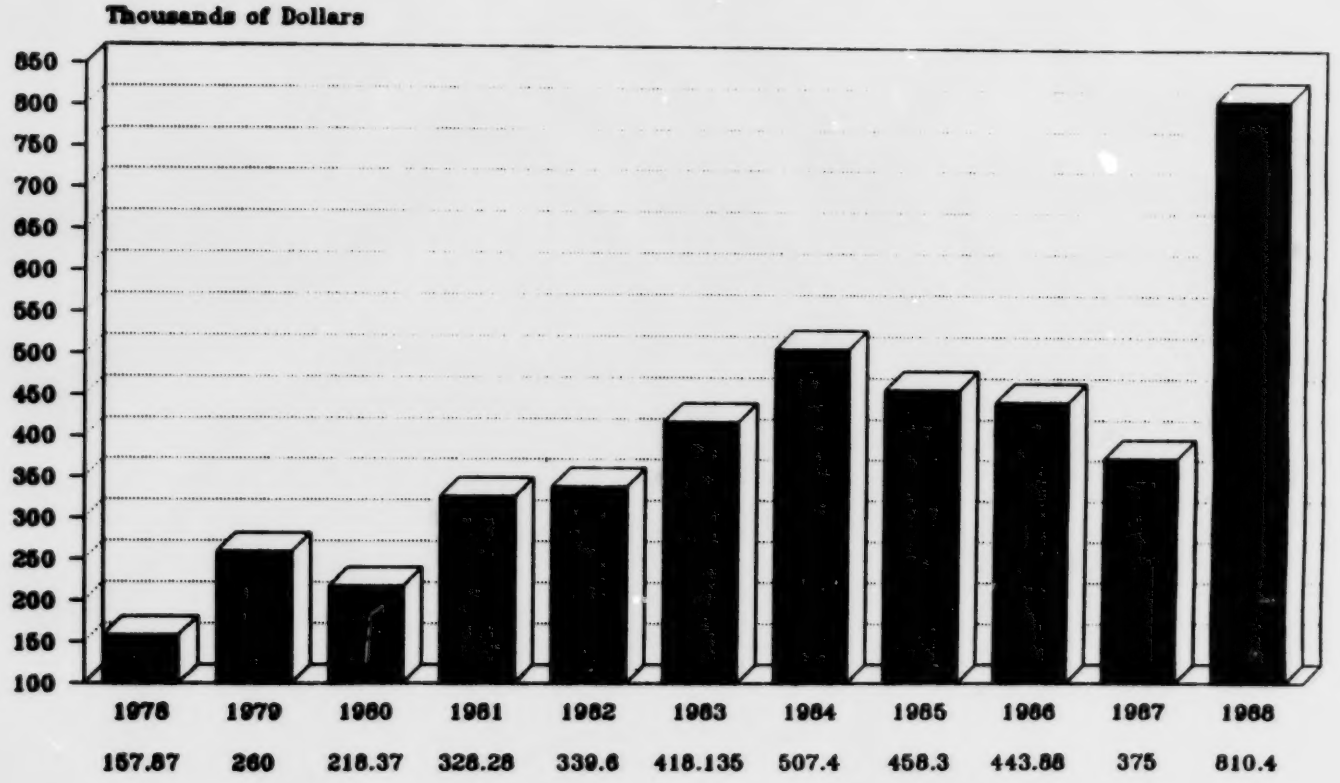
Maple Products

Gross sales in 1988 from maple products in figure 9 and 10 were $810,410 from 68 producers. The greatest percentage of Maple Syrup was produced in Cumberland County (14,625 Gallons).
The value for 1988 was a dramatic increase over previous years. During the mid 1980's producers invested in new facilities and stand development. Unfortunately poor spring weather did not permit this new capacity to be fully utilized until recently.

Fur Harvesting

The value of Fur harvesting in Figure 11 declined from the winter of 1984-85 to the winter of 1987-88 although in 1986-87 the value exceeded one million dollars. This was primarily due to a collapse in prices for beaver, otter, racoon, coyote, bobcat, and mink from 1986-87 to 1987-88. Although price information has not yet been documented for 1988 estimates of the numbers taken indicate a decrease for beaver, muskrat, otter, mink, fox, racoon, and skunk and an increase in squirrel and bobcat, so revenues should be down if prices were similar to 1987.

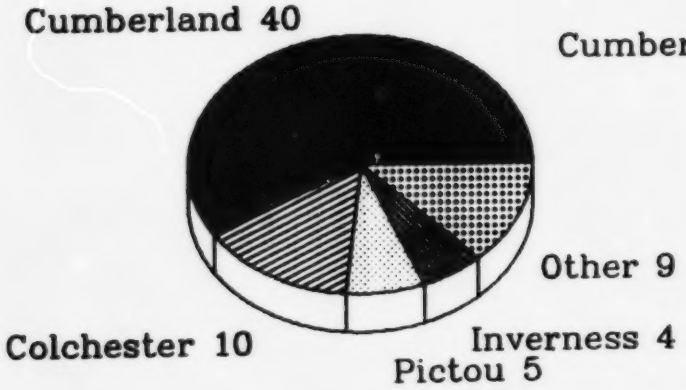
Figure 9 Nova Scotia Maple Products Gross Sales 1978 to 1988



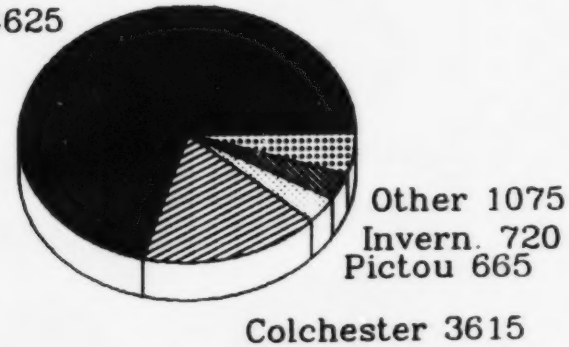
At Farm Gate
Source: Statistics Canada 23-211 Annual

Prepared: June 15 1989

Figure 10 Nova Sotia Maple Products Production by County in 1988



# of Producers



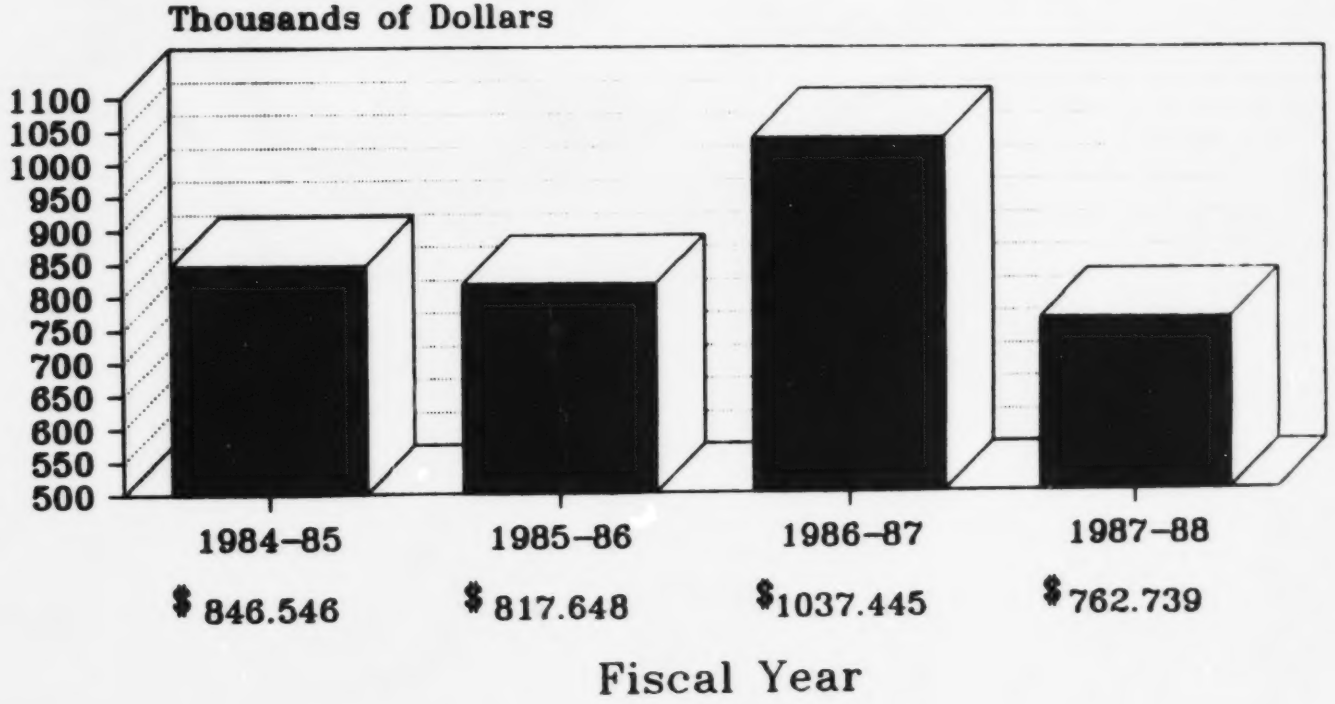
Gallons Maple Syrup

Source: N.S. Dept. of Agr.& Marketing

Prepared: June 15 1989

Figure 11

Fur Harvesting
Total Revenue Wild Furbearers of Nova Scotia



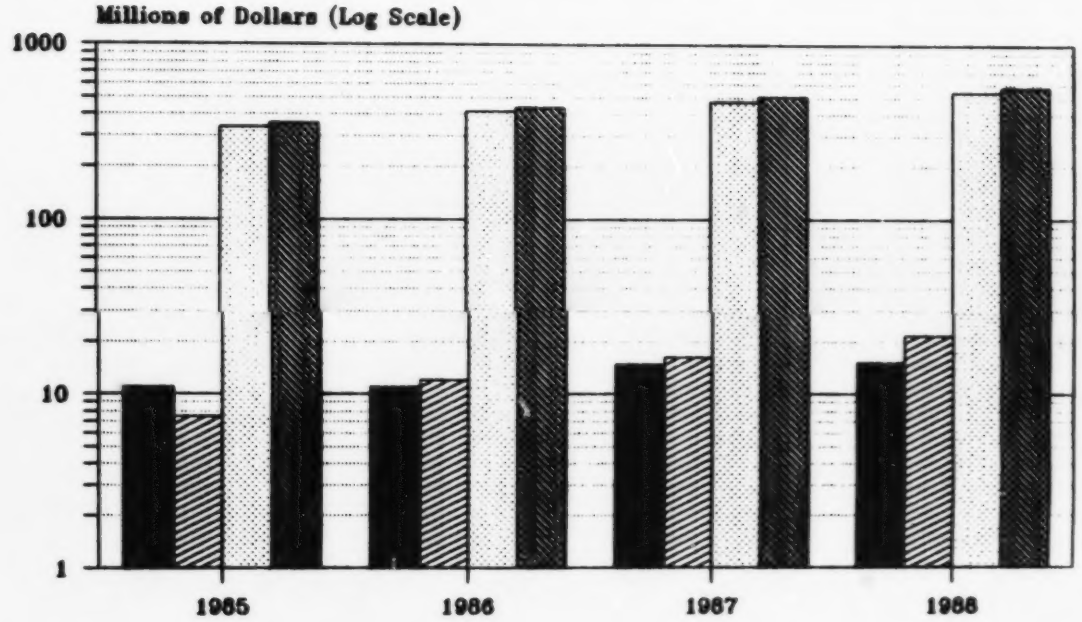
Total Rev. Calculated from Number Taken

Prepared: July 5 1989 Source: L & F

Figure 12

Forest Related Exports

Nova Scotia 1985 to 1988



	1985	1986	1987	1988
Primary Wd Products	11.02	10.97	14.76	15.12
Wood Fab. Materials	7.44	12.12	16.14	21.57
Pulp&Paper Products	336.83	413.76	474.56	536.64
Total Exports	355.29	436.85	505.46	573.33

Value of International Exports Cdn $
Source: Dept. of Industry & Trade

Prepared: June 15 1989

COMMODITY TRADE

Exports

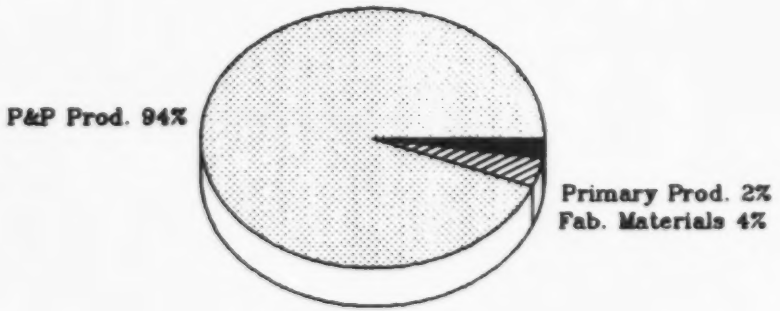
The value of exports in figure 12 (Logarithmic Scale Format) increased each year from $355.29 million in 1985 to $573.33 million in 1988. Exports increased 13% in 1988 over 1987 ($573 million vs $505 million). The commodity components that make up exports in figure 13 show that Pulp and Paper contributed 94% of the total value of exports in both 1987 and 1988. The share of exports of Primary Production increased from 2% to 3% in 1988, and Fabricated Materials decreased from 4% to 3% .

Figure 13

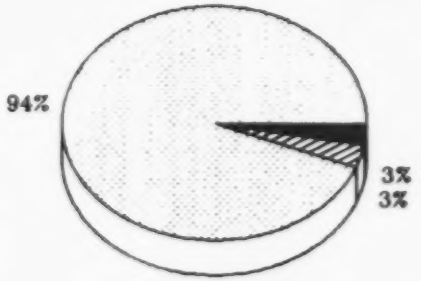
Nova Scotia

Forest Related Exports

Yearly Comparison 1988 to 1987



1988
$573 Million



1987
$505 Million

Value of International Exports Cdn $
Source: Dept. of Industry & Trade

Prepared: June 15 1989

PRINCIPAL STATISTICS OF THE FOREST INDUSTRY

Value of Shipments for the Logging Sector

Data was only available to 1986 in figure 14. The value of shipments increased from just over $100 million in 1980 to just under $150 million in 1986, peaking at $152.5 million in 1985. The increases were not gradual though. After 1980 the value dropped to $86 million in 1982. This was followed by a dramatic increase from 1983 to 1984 as the sector recovered.

Value of Shipments for the Forest Sector Manufacturing

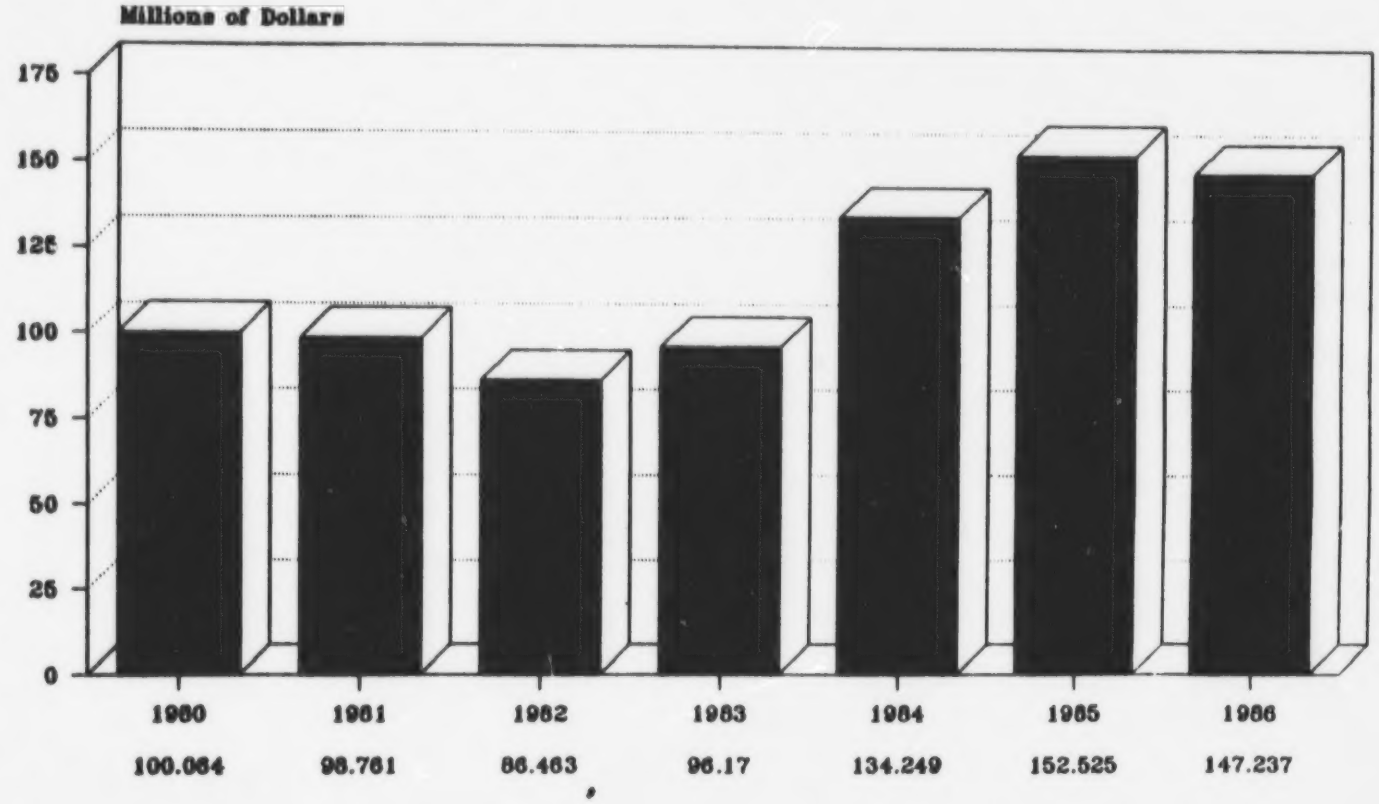
Data for the Wood Industries and Paper and Allied was available up to 1988 in figure 15. The value for the Wood Industries increased from just under $86 million in 1980 to $184.5 million in 1988, or 115%. Since the slump of 1982 and 1983 they have increased gradually. Shipments for the Paper and Allied Industry in figure 15 followed a similar trend, and increased from $398.7 million in 1980 to just under $656 million in 1988, or 65%. Finally total shipments for Manufacturing in the forest sector increased from $486 million in 1980 to just over $840 million in 1988. That's an increase of 73 percent.

Value of Shipments Monthly Comparison Manufacturing Sector

The value of shipments for the Wood Industries in figure 16 increased 5.2% from $175.4 million in 1987 to $184.5 million in 1988. In 1988 shipments were up primarily due to greater activity during the traditionally slower period of January,February, and March.

For the Paper and Allied sector in figure 17 shipments were up in every month, except October and December. Consequently the value increased 10.9% from $591.4 million in 1987 to $655.9 in 1988.

Figure 14 Value of Shipments
Logging 1980 to 1986

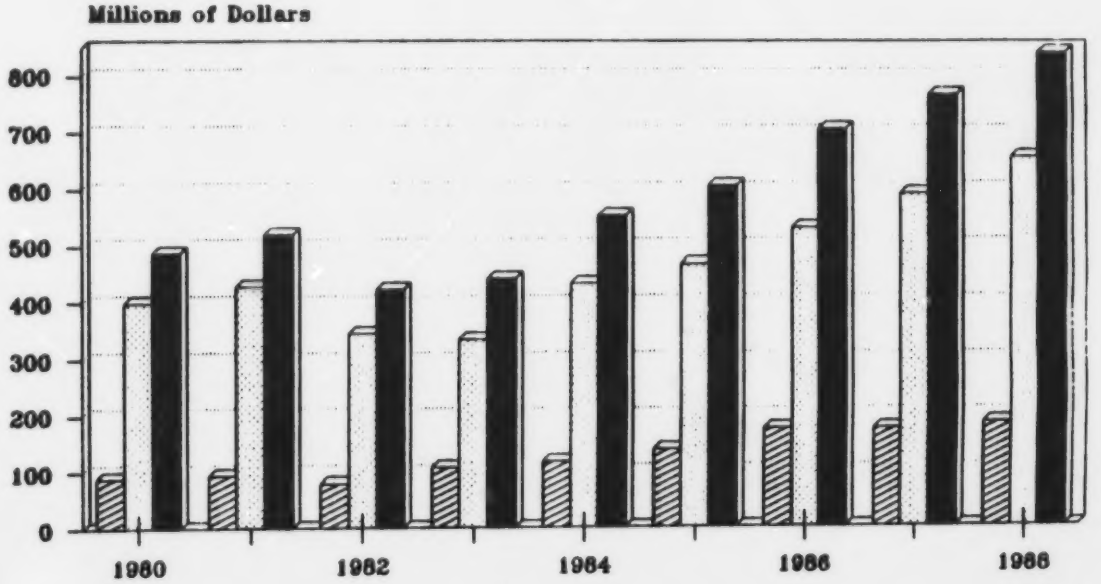


Current Dollars
Source: Statistics Canada 25-202 Annual

Prepared: June 15 1989

Figure 15

Value of Shipments
Forest Sector Manufacturing
Nova Scotia 1980 to 1988

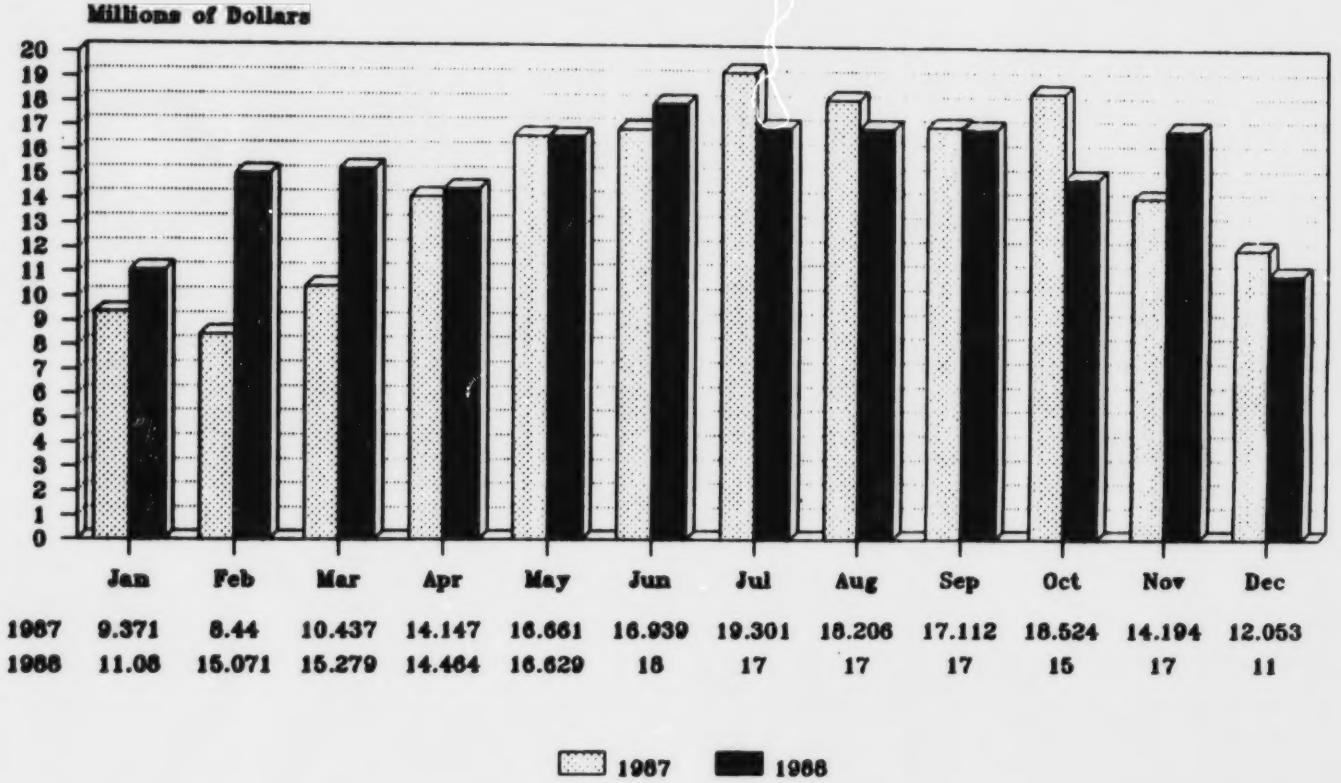


		1980	1982	1984	1986	1988
Wood Industries	▨	87.574	78.653	118.193	175.087	184.523
Paper and Allied	▭	398.743	344.485	434.028	530.432	655.913
Total Forest Sector	■	486.317	423.138	552.221	705.519	840.436

Current Dollars Source: Stat. Canada
Cat: 31-001 Monthly & 25-202 Annual

Prepared: June 15 1989

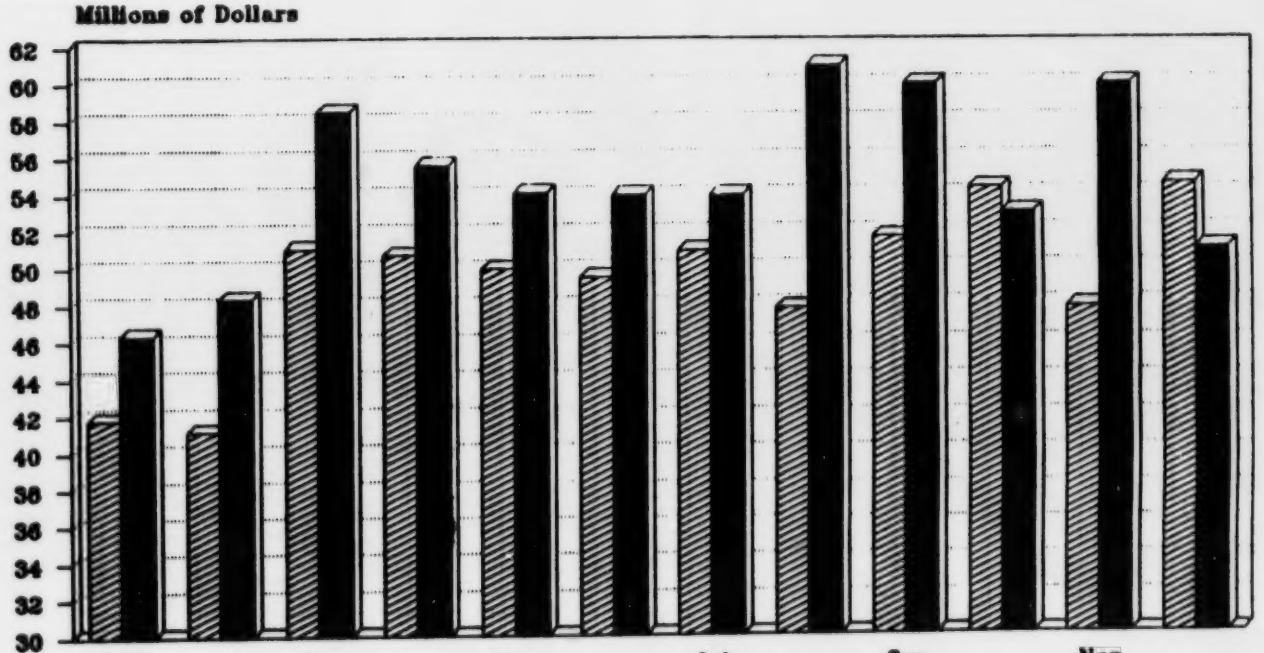
Figure 16 Value of Shipments Wood Industries Nova Scotia 1987 to 1988 Monthly Comparison



Current Dollars
Source: Statistics Canada 31-001 Monthly

Prepared: June 15 1989

Figure 17 Value of Shipments Paper & Allied Nova Scotia 1987 to 1988 Monthly Comparison



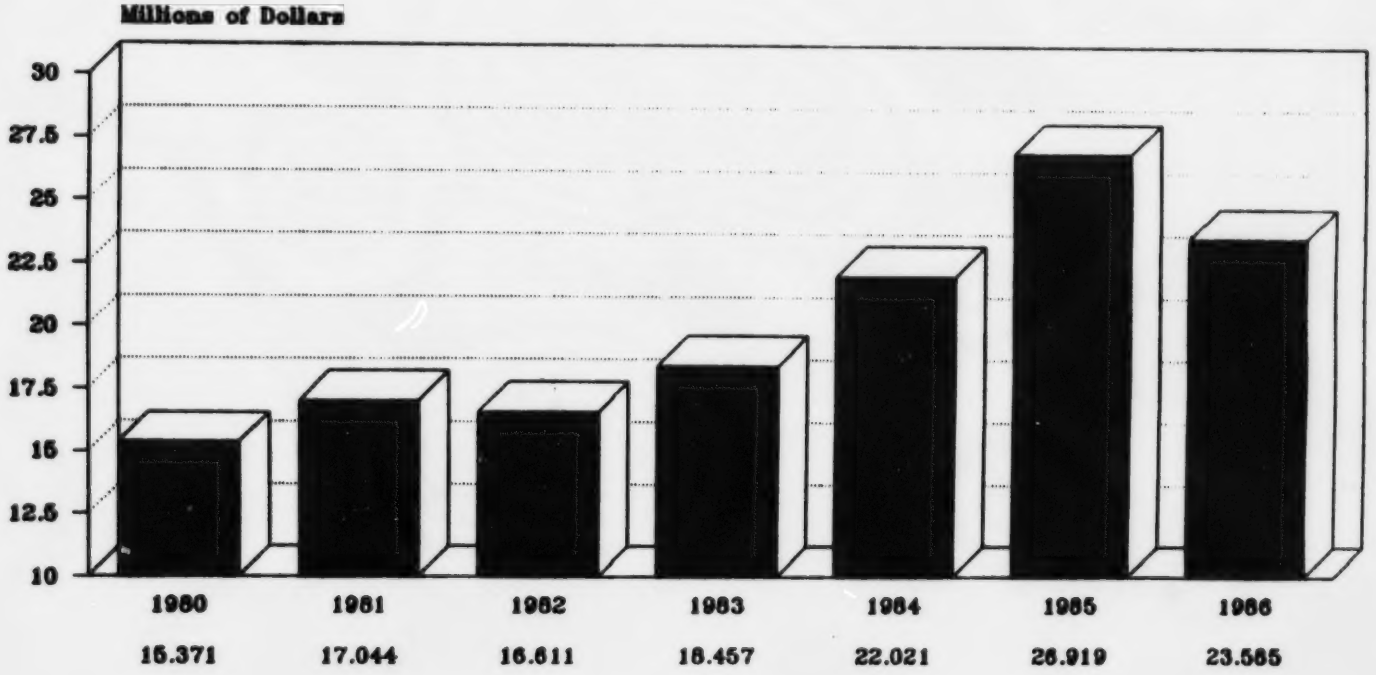
	Jan	Mar	May	Jul	Sep	Nov
1987	41.792	51.046	49.972	50.945	51.678	47.862
1988	46.346	58.503	54.1	54	60	60

Current Dollars
Source: Statistics Canada 31-001

Prepared: June 15 1989

Figure 18

Wages & Salaries
Logging Industry
Nova Scotia 1980 to 1986



Current Dollars
Source: Statistics Canada 25-202 Annual

Prepared: June 15 1989

Wages and Salaries for the Logging Industry

Data was available to 1986. In the Logging Industry the value of wages and salaries in figure 18 increased from $15.3 million in 1980 to $23.6 million in 1986. The value of wages peaked in 1985 and then dropped in 1986.

Wages and Salaries for the Wood Industry

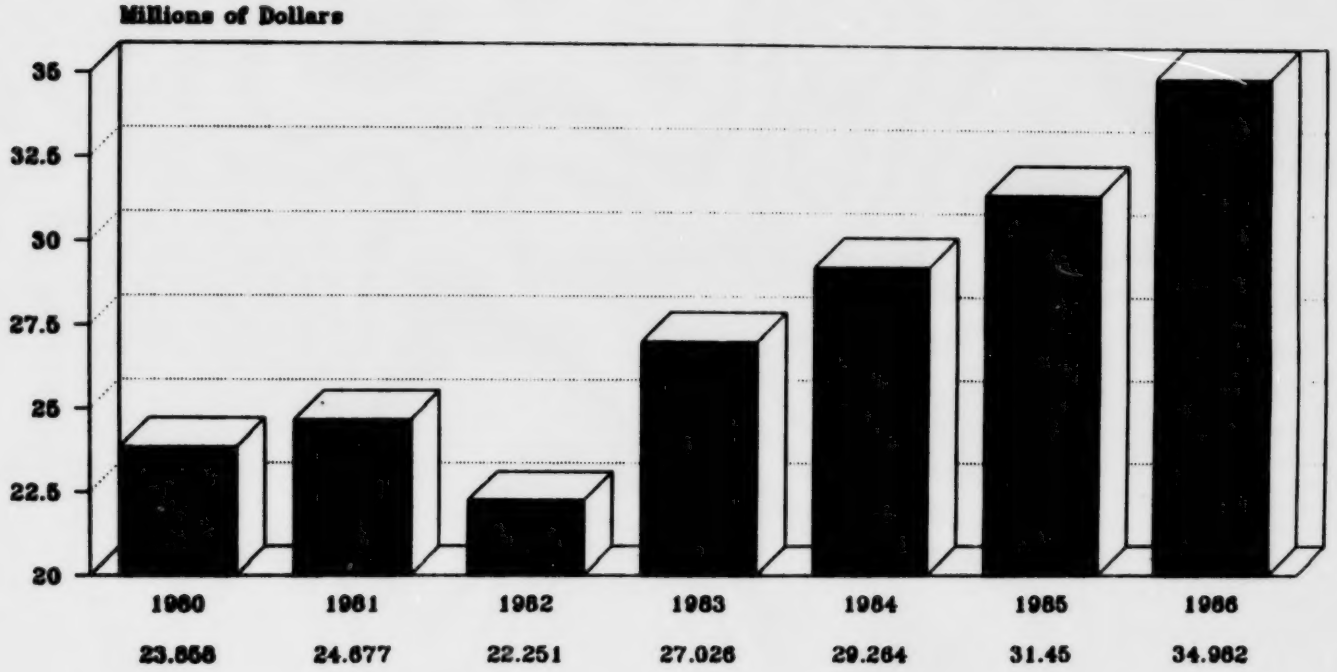
After 1980 the value of wages and salaries in figure 19 increased from $23.9 million to almost $35 million in 1986.

Wages and Salaries for the Paper and Allied Industry

The value of wages and salaries increased from $65.5 million in 1980 to $106 million in 1986 in figure 20. Compared to the Logging and Wood industry, this sector was the largest contributor of wages and salaries. Although there was a slump in value in 1982, after 1981, wages were still above the 1980 level. They have increased from $71.8 million in 1980 to $106 million in 1986.

Figure 19

Wages & Salaries
Wood Industries
Nova Scotia 1980 to 1986

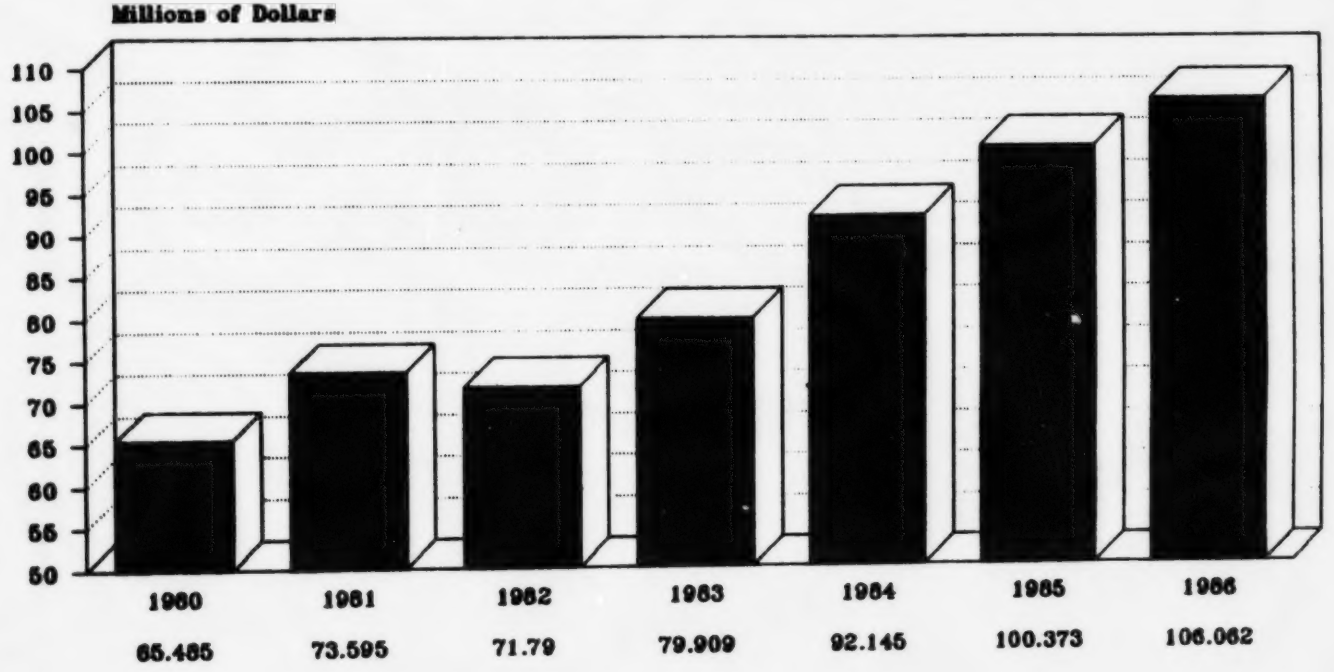


Current Dollars
Source: Statistics Canada 25-202 Annual

Prepared: June 15 1989

Figure 20

Wages & Salaries
Paper and Allied Industry
Nova Scotia 1980 to 1986

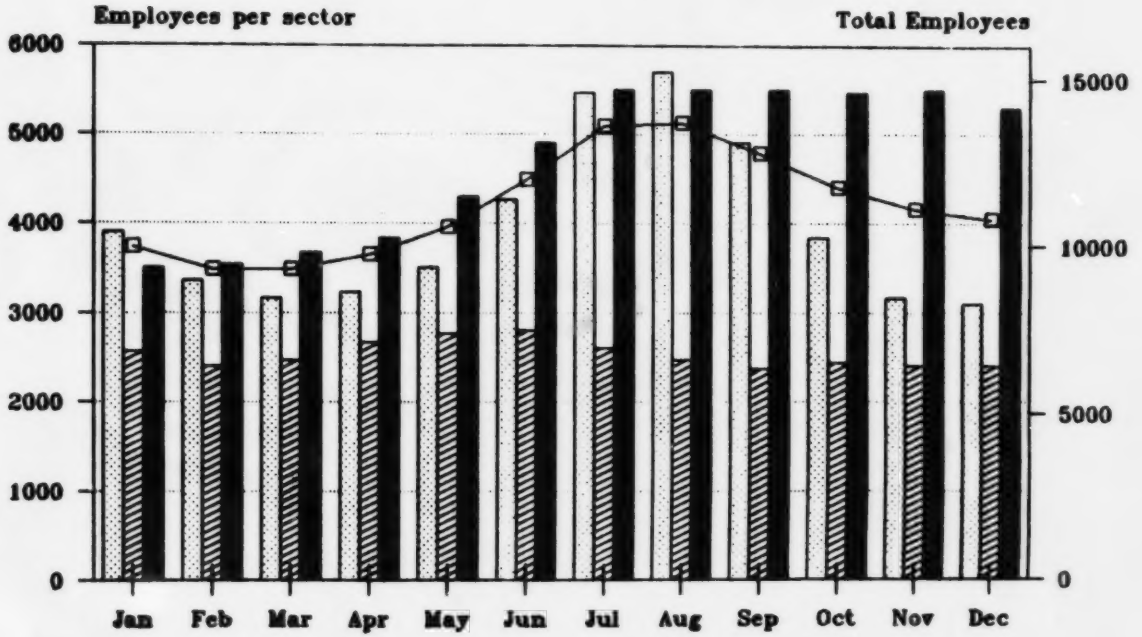


Current Dollars
Source: Statistics Canada 25-202 Annual

Prepared: June 15 1989

Figure 21

Employment Forest Industry
Nova Scotia 1988



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Logging & Related	3900	3366	3166	3233	3500	4266	5466	5700	4900	3833	3166	3100
Wood Industries	2566	2400	2466	2666	2766	2800	2600	2466	2366	2433	2400	2400
Paper & Allied	3500	3533	3666	3833	4300	4900	5500	5500	5500	5466	5500	5300
Total Employed	9966	9299	9298	9732	10566	11966	13566	13666	12766	11732	11066	10800

Employment shown as a 3 month moving Av.

Prepared: June 15 1989
Source: Stat. Canada Labor Force Survey

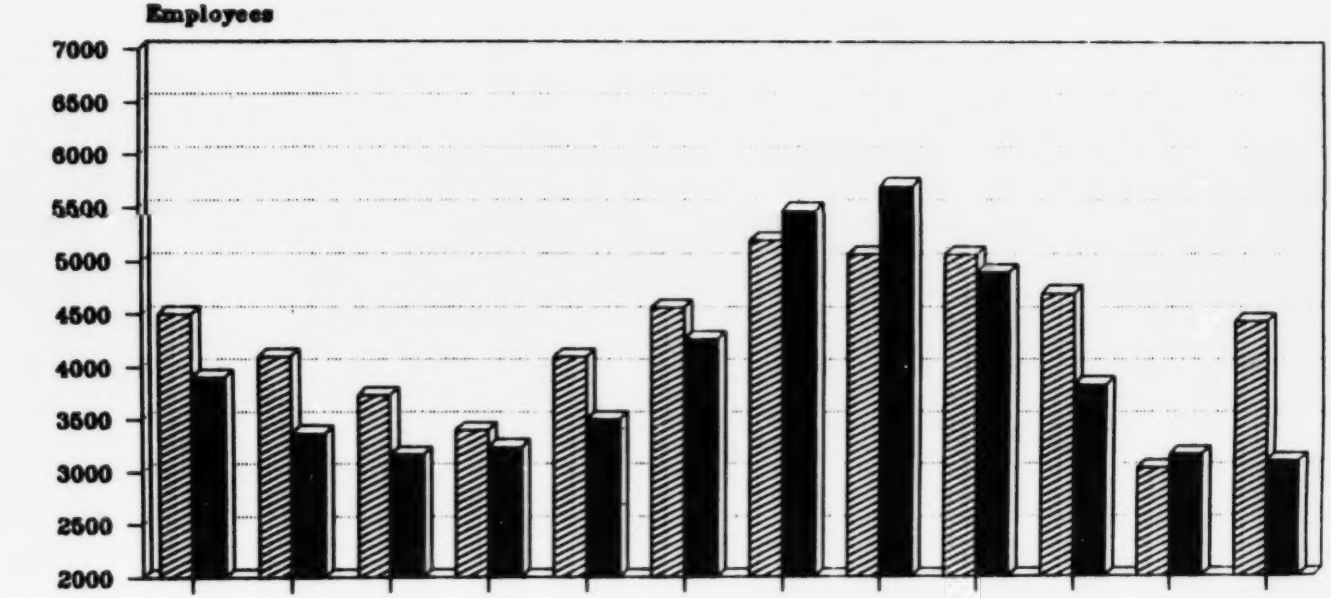
Employment in 1988

In 1988 employment in Forestry, Wood Industries and Paper and Allied sectors peaked in August with a total of 13,666 employed in figure 21. Monthly employment was represented as a three month moving average. The nature of the Statistics Canada Labour Survey was such that monthly data may not be sufficiently accurate to give reliable differences between individual months. This was because the Forestry, Wood, and Pulp sectors were measured at such a level that one particular month's data could be out plus or minus 2000 people so that a 3 month average was used to reduce this kind of variation. The highest level employed was in the Forestry sector with a peak of 5700 employed in August. The Wood Industry sector had a peak of 2800 employed in June, and for the Paper and Allied sector approximately 5700 were employed July through November.

Seasonal movements in employment in each sector showed the Wood Industry with the least variation in 1988 with approximately 2400-2600 employed from July to December. In the Wood Industries a minimum of 2366 were employed in September and a maximum of 2800 in June. This was an 18 % increase. Employment in the Forestry sector increased sharply with a minimum of 3166 employed in January, and a maximum of 5700 in July. This was an 80 % increase. For the Paper and Allied sector employment varied from 3500 in January to 5500 starting in July. Although employment varied 57 % compared to the other two sectors, the highest level of employment 5300-5500, was maintained for the longest period from July to December 1988.

This was not expected in the Paper and Allied sector. Throughout 1987 and up to July 1988 a pattern in the seasonal adjustment to employment was apparent. Normally employment should have been down 23 to 25 percent by December 1988 as data for 1985, 1986 and 1987 demonstrated.It did not decrease because of increased capital spending and record levels of production in 1988.

Figure 22 Employment Logging & Related
Nova Scotia 1987 to 1988
Monthly Comparison



Employment shown as a 3 month moving av.
Source: Stat. Canada Labor Force Survey

Prepared: June 15 1989

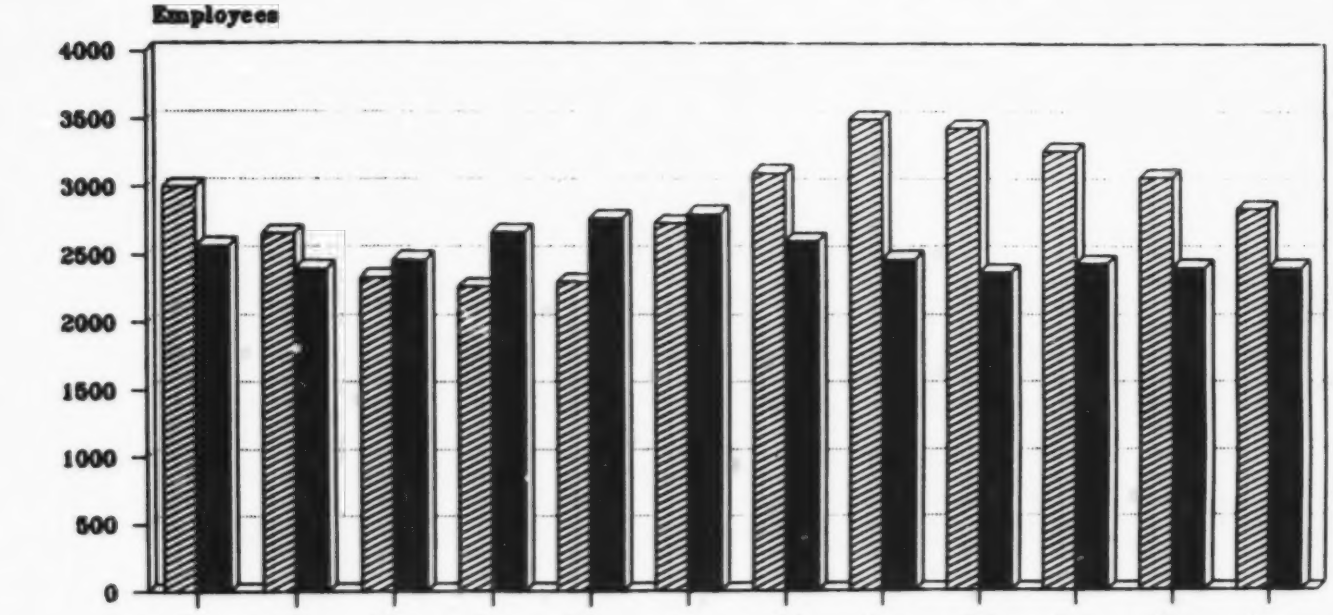
Comparison of Employment Levels 1987 to 1988

Employment in the Forestry Sector in figure 22 was higher in 1988 in July and August. In August 1988, 5700 were employed compared to 5200 in July 1987. In 1987 the minimum number employed was higher in the traditionally lower period of September to April. Based on a three month moving average, yearly employment was higher in 1987 with 4324 employed compared to 3966 in 1988.

Employment in the Wood Industry Sector in figure 23 increased in 1988 in March, April, May, June, but was down sharply in July, through December. Consequently, in 1987 based on a moving average 2874 were employed compared to 2527 in 1988.

Employment in the Paper and Allied Sector in figure 24 was up during July through December. Under normal circumstances employment should have decreased by December. Consequently average employment was also up in 1988. Based on a moving average 4708 were employed in 1988 compared to 4285 in 1987.

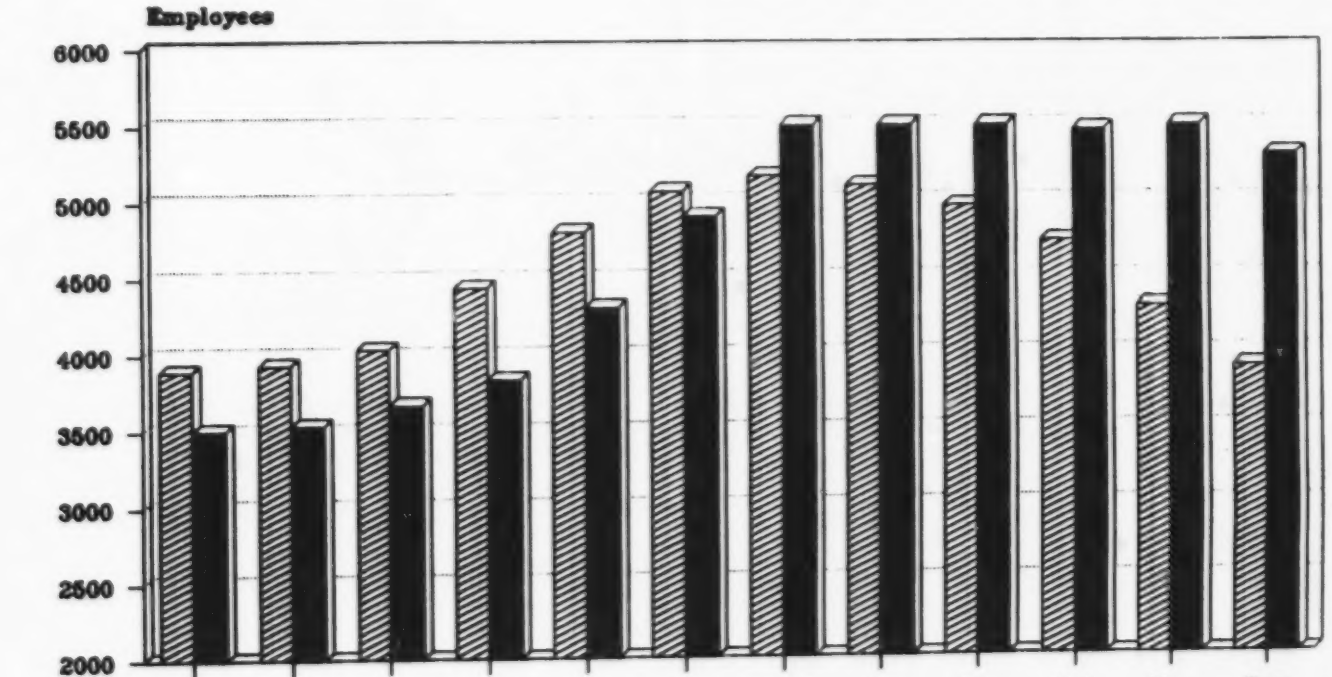
Figure 23 Employment Wood Industry Sector Nova Scotia 1987 to 1988 Monthly Comparison



Employment shown as a 3 month moving Av.
Source: Stat. Canada Labor Force Survey

Prepared: June 15 1989

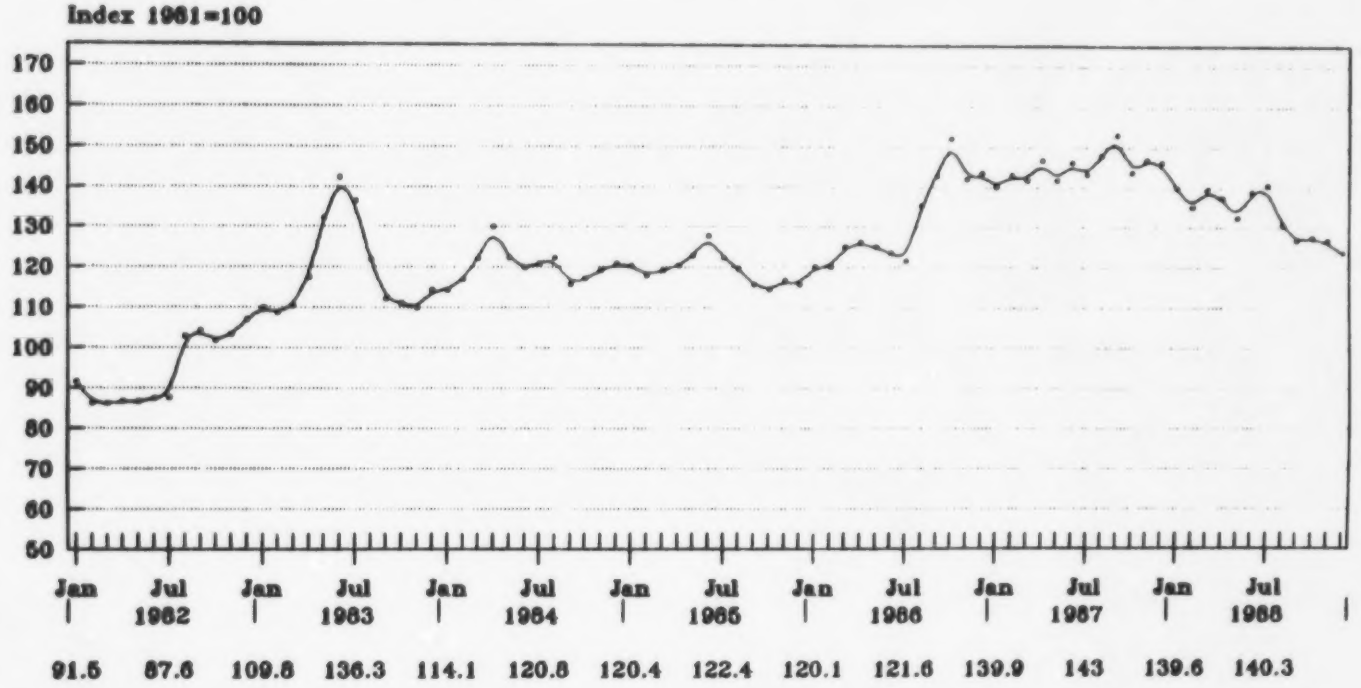
Figure 24 Employment Paper & Allied Sector Monthly Comparison 1987 to 1988



Employment shown as a 3 month moving Av.
Source: Stat. Canada Labor Force Survey

Prepared: June 15 1989

Figure 25 Product Price Index
Atlantic, Spruce, Lumber, 1982 to 1988



Index D 611506
Source: Statistics Canada 62-011 Monthly

Prepared: June 15 1989

PRODUCT PRICE INDICES

Atlantic Spruce Lumber

The index was shown for the period 1982 to 1988 in figure 25. Although the trend has been up from 1982 to 1988 the index actually peaked twice, in July 1983, and between July 1986 and July 1987, the longest period of consistently high prices. The key feature of this index was that the index dropped from 150 in September 1987 to 123 in Dec 1988. Even though this was still better than 1982 when the index was as low as 87.6, the industry has experienced a slowdown.

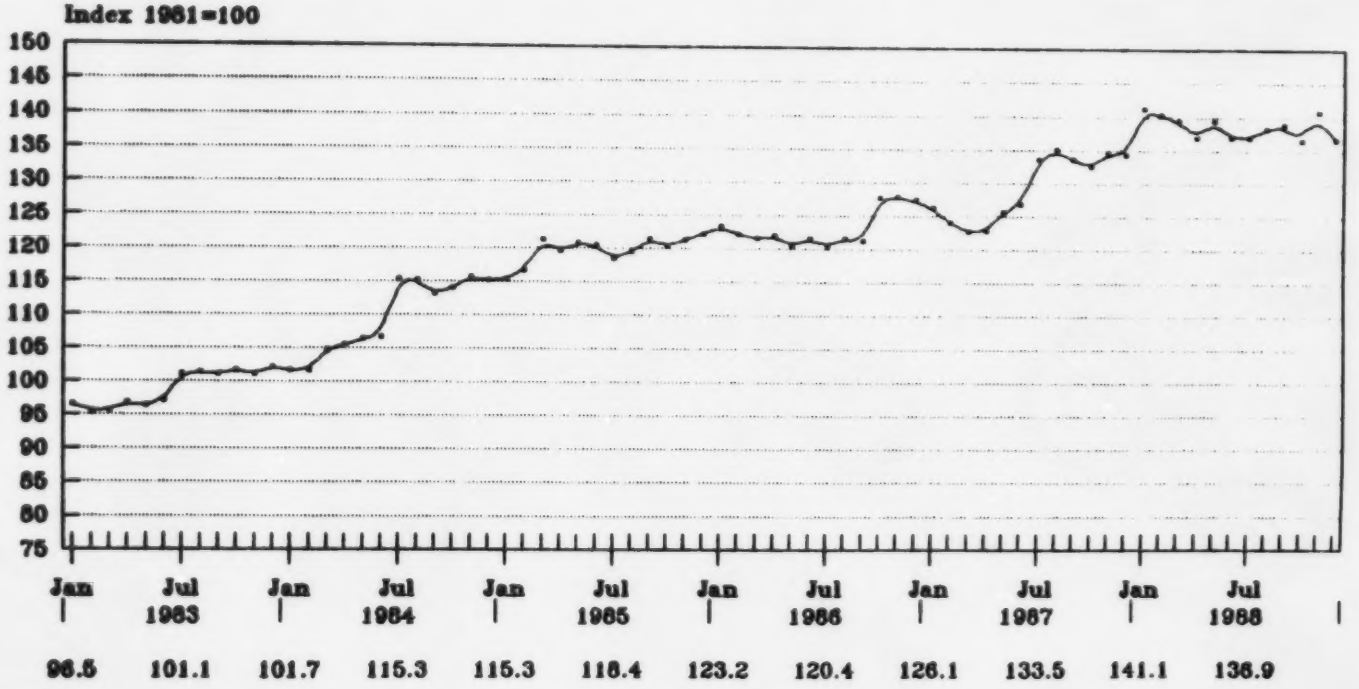
Canadian Newsprint for Export

The index was also shown for the period 1982 to 1988 in figure 26. It gradually increased from a low of 96.5 in January 1982 to a peak of 140 in January 1988. After that, it drifted down to 132 in Dec 1988. Recent market trends show capacity increasing till 1992. With weak demand world wide, declining prices are expected to continue through 1989.

Canadian Pulps

Since January 1987 both pulp indices increased although they peaked November 1988 in figure 27. It would be too early to tell if pulp prices have peaked since demand was still strong as of Dec 1988.

Figure 26 Product Price Index
Canadian Newsprint Export
1982 to 1988



Index D 611620
Source: Statistics Canada 62-011 Monthly

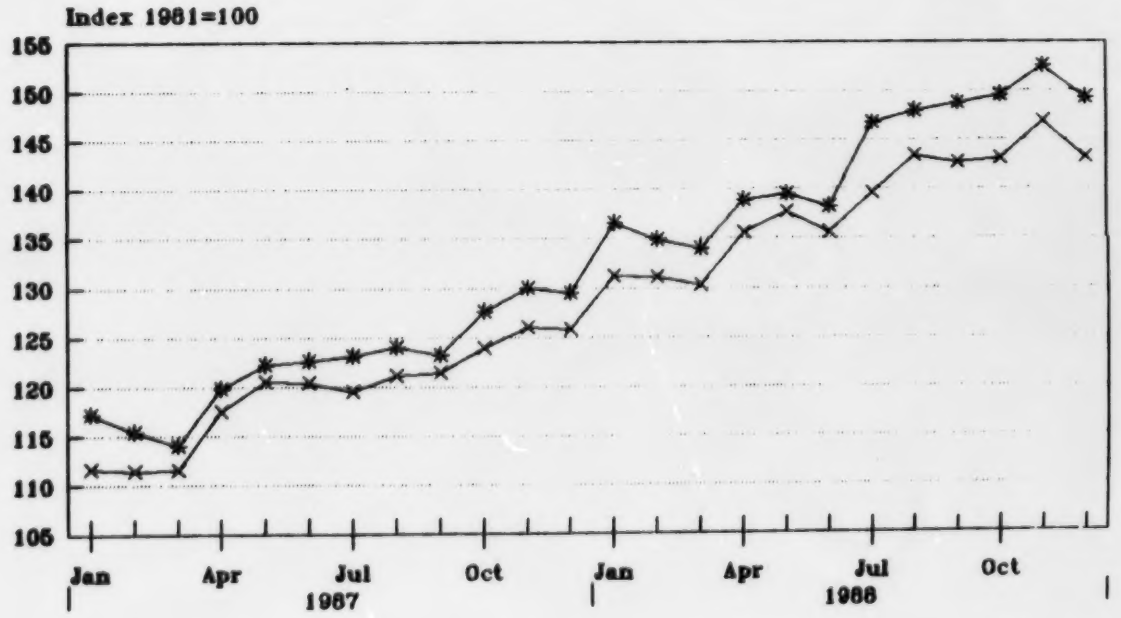
Prepared: June 15 1989

Figure 27

Product Price Indices

Canadian Pulps

1987 to 1988

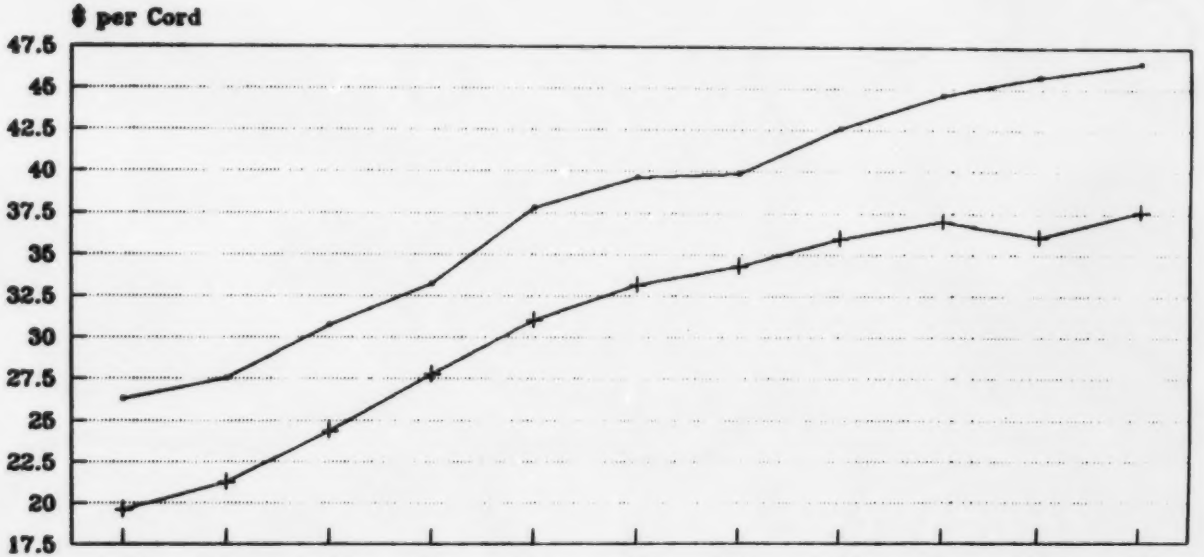


Sulphate export	117.2	119.8	123.1	127.6	136.5	138.8	146.7	149.5
Sulphite export	111.6	117.5	119.5	123.9	131.2	135.5	139.5	143

Source: Statistics Canada
Catalogue 62-011 Monthly

Prepared: June 15 1989

Figure 28 Average Price (Roadside)
Nova Scotia Pulpwood
Softwood and Hardwood



	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Softwood	26.3	27.52	30.72	33.21	37.75	39.63	39.86	42.54	44.56	45.69	46.56
Hardwood	19.61	21.26	24.32	27.74	31.01	33.16	34.29	35.91	36.97	36.05	37.62

Purchased wood 8'/Treelength Roadside
Av.Price not weighted to total wd.sold

Prepared: June 15 1989

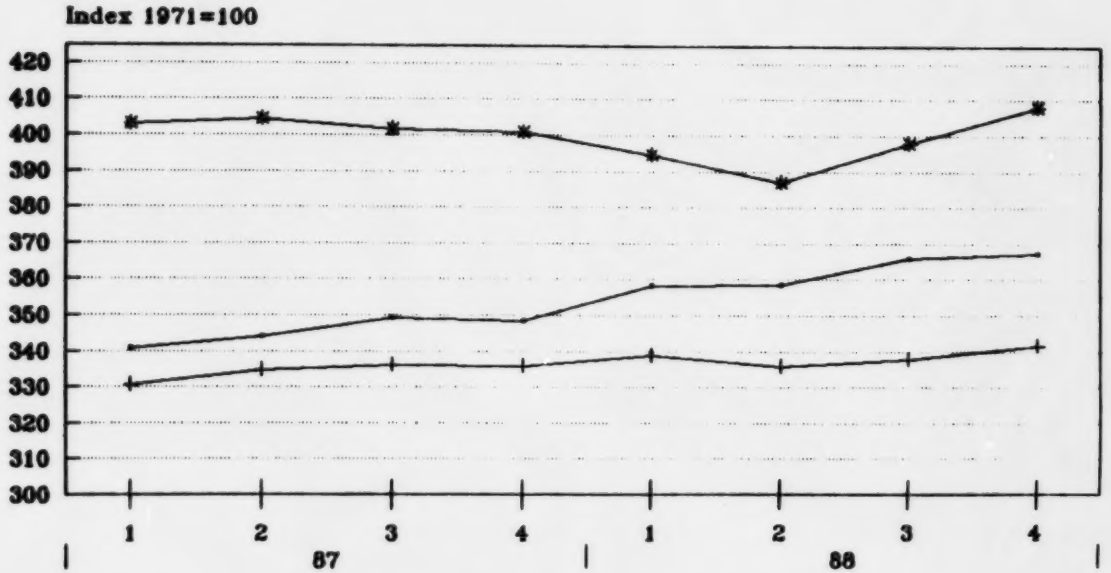
Softwood and Hardwood Pulpwood Prices in Nova Scotia

Information on pulpwood pricing was from announced prices and contracts established by the pulp and paper mills through bargaining agents who sell to the pulp and paper mills. Prices offered by export buyers were not considered. Prices were determined without weighting prices as to the amount of product sold under each contract and prices plotted were average prices. As figure 28 shows prices have risen slowly since 1978. In 1978 they were under $20 for hardwood, and just over $26 for softwood. Prices by 1988 had increased to $46.56 per cord for softwood, and $37.62 per cord for hardwood. The average price has increased 77% for softwood, and 92% for hardwood. The decline in price in 1987 for hardwood was due to a conversion in buying tree length instead of eight foot length. Although a conversion in buying softwood also occurred at one pulp and paper mill, since more mills participated in calculating the average price than hardwood, a decline in price was not apparent.

Figure 29 Price Indices

Machinery and Equipment

Quarterly Comparison 1987 - 1988



Forestry	340.6	343.9	349.1	348.5	358.1	358.5	366	367.2
Wood Products	330.5	334.7	336.2	335.7	338.8	335.9	337.7	341.6
Paper and Allied	403	404.5	401.8	400.9	394.6	386.9	397.9	408

Quarterly

L-Level 323-Special Purpose Mach & Equip
Source: Stat. Canada 62-007 Quarterly

Perpared: June 15 1989

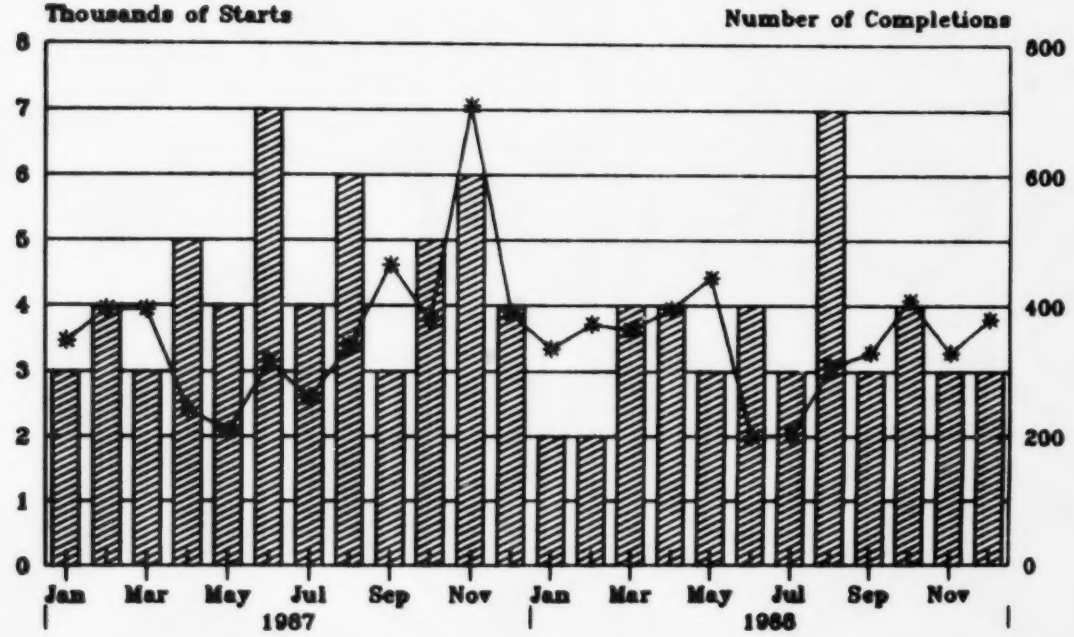
OTHER INFORMATION

Price Index for Machinery and Equipment

Quarterly data on the prices of special machinery and equipment was available for Forestry, Wood Industry and Paper and Allied sectors in figure 29. Prices were based on a 1971 index i.e., 1971=100. In the Forestry sector, the index has increased gradually in the last two years from a low of 340.6 to 367.2, or 7.8% . In the Wood Industry, the index has risen from 330.5 to 341.6, or 3.4% . In the Paper and Allied sector, the index increased from 403 to 408, or 1.2%, but during this period a drop occurred from late 1987 to early 1988.

Figure 30 Housing Starts

Summary for Centers over 10,000 in Nova Scotia 1987 to 1988



Housing Starts	3	3	4	4	3	6	2	4	3	3	3	3
Total Completions	346	395	207	259	462	706	334	362	442	202	328	328

Housing Starts Seasonally Adjusted
Source: Statistics Canada 64-002 Monthly

Prepared: June 15 1989

Housing Starts

By the end of December 1988 housing starts in Nova Scotia were seasonally adjusted at 3000 units per year in figure 30. During 1988 there were 4054 completions down 8.5% from 4429 in 1987. Housing starts decreased in part because of higher mortgage rates in the last two years. This trend is expected to continue throughout 1989.

Selected Financial Indices

A comparison was made of the currency strength of the U.S. Dollar and the U.K. Pound in 1987-1988 in figure 31. The exchange rate indices reflect the value of foreign currencies in Canadian funds at the middle of each month compared to the average value for the year 1981. Since January 1987 the U.S. Exchange Index has dropped from 113.6 to just over 100 by the end of 1988. The U.K. Exchange Index has risen from 84.4 to just over 90. During the last two years the trend of the U.S. Dollar has been downward. In contrast the U.K. Pound has been quite variable. The index peaked at 94.1 in December 1987, before falling to a low of 82.9 in July of 1988. It recovered by the end of 1988 above 90.

Changes in exchange rates can have a significant short term impact on the profitability and competitiveness of Nova Scotia producers of forest products. A depreciation of the Canadian Dollar (increase in the index) in figure 31 could enhance competitiveness, while an appreciation (decrease in the index) could inhibit it. It was explained by (Roberts,1988) that in the long term changes in exchange rates will have no affect on aggregate economic activity. This is because in the long term an appreciation in the Canadian Dollar causes domestic prices to fall and foreign prices to rise. These price declines offset the negative impact that the appreciation in the currency has on the competitive position of the Canadian producer.

Looking at the affect of exchange rates in the short term in figure 31, the value of the Canadian Dollar appreciated against the U.S Dollar in the last two years so the U.S. Dollar Exchange Index as measured in Canadian Dollars was down. In contrast, the Canadian dollar depreciated against the U.K pound, so the U.K. Pound Exchange Index as measured in Canadian Dollars was up marginally although with some volatility.

The U.K. pound index is significant because of the large percentage of lumber exports to England. The obvious affect of a depreciating Canadian dollar is that Canadian export lumber producers have recently been more competitive assuming the costs of Canadian producers have not changed. It should also be noted that (Roberts,1988) the exchange rate was not the most volatile factor affecting competitiveness. Sawlog costs have been the most volatile component.

Recent upward movement in the Canadian Dollar did not have as great an impact on the competitive position of newsprint producers as might be expected. Research by (Roberts,1988) found that changes in exchange rates and relative newsprint costs tended to offset one another. Canadian producers have been hedged against the appreciation of the Canadian Dollar because some major inputs (e.g. oil,chemicals) used to produce newsprint have been priced in the world market in U.S. Dollars. Since the Canadian Dollar appreciated in value the price of these inputs decreased in cost when converted to Canadian Dollars.

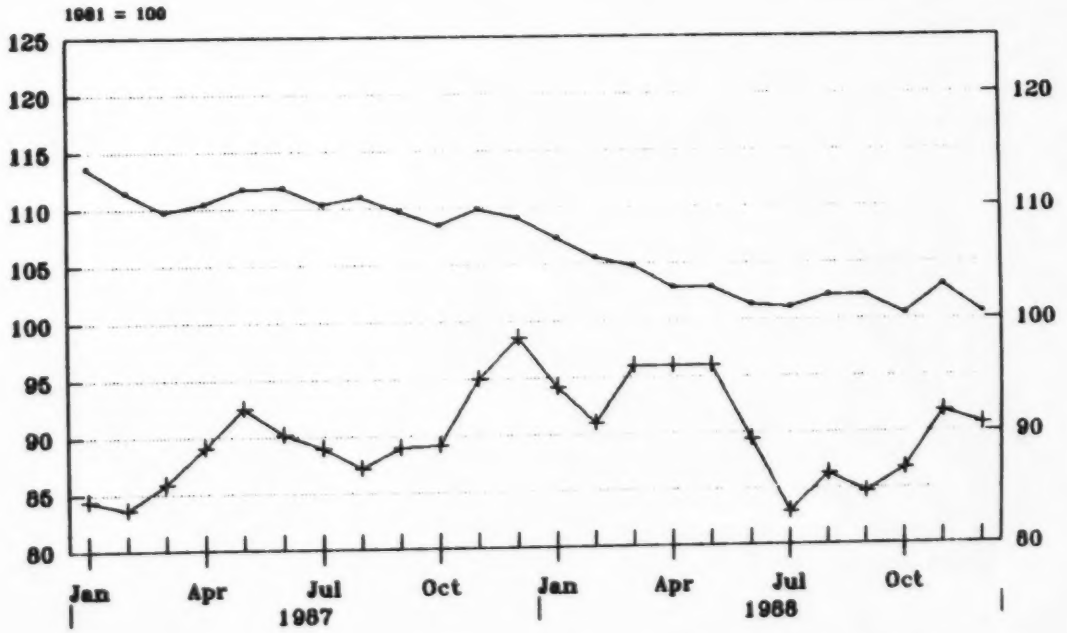
For pulp producers the affect of the U.S Exchange rate played less of a role in the competitiveness of Canadian producers than the affect of the Scandinavian (Swedish Krona) Exchange rate. Although not documented in Figure 31, the Krona Exchange rate declined in the early 1980's, as measured in Canadian Dollars. This was the most significant factor affecting the competitiveness of Canadian pulp producers. Improvements in the competitive position of Canadian producers since 1984 have been due to a more favourable exchange rate of the Canadian Dollar against the Swedish Krona and to a certain extent lower wood costs.

Figure 31

Selected Financial Indices

U.S. & U.K. Currency Strength

Monthly Comparison 1987 - 1988

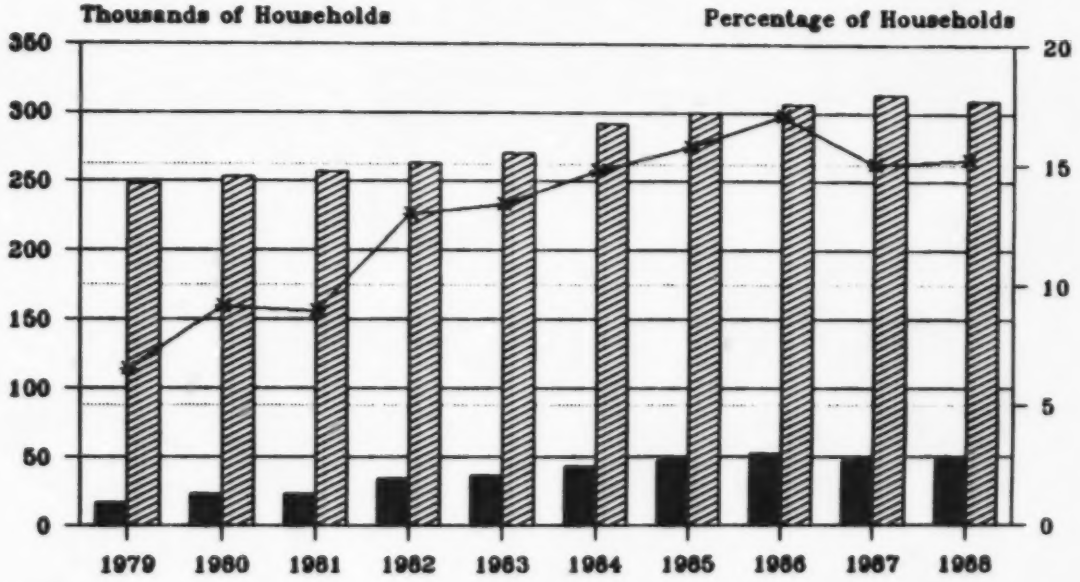


U.S. Exchange Index	113.6	110.4	110.3	108.4	107.2	102.8	101	100.4
U.K. Exchange Index	84.4	89	88.9	89.1	94.1	95.9	82.9	86.7

Source: Stat. Canada 62-007 (Quarterly)
Exchange Index: Value foreign currencies
in Canadian Funds /Prepared June 15 1989

Figure 32

Principal Heating Fuel
Number of Households using Wood in Nova Scotia



	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
# of Houses using wd	16	23	23	34	36	43	47	52	47	47
Total # Households	248	253	257	263	270	292	300	306	313	309
% of Houses using wd	6.5	9.1	8.9	12.9	13.3	14.7	15.7	17	15	15.2

(Household):A person or group of persons

Source: Statistics Canada 64-202 Annual

Prepared: June 15 1989

Principal Heating Fuel

Since 1978 the number of homes that use wood has increased from 16,000 to 47,000 in figure 32. An additional ten percent of all households adopted wood as a heating fuel from 1979 to 1988. Numbers appear to have peaked in 1986, with no change between 1987 and 1988.